

I, Nancy R. Walker, Executive Director of the City of Ann Arbor Employees' Retirement System, hereby certify that the following is a true and correct copy of a resolution adopted by the Board of Trustees:

**CITY OF ANN ARBOR EMPLOYEES RETIREMENT SYSTEM**

**POLICY RESOLUTION**

**Adopted: February 12, 2001**

**Revised: November 19, 2015**

**Re: Calculation or Retroactive Recalculation of Retirement Benefits as a Result of Contract Modifications**

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**WHEREAS**, the Board of Trustees is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System, and

**WHEREAS**, the Board recognizes that a union member may retire after expiration of an applicable collective bargaining agreement and during the pendency of a new collective bargaining agreement, and that a final contract may not be ratified until after the member has separated from service and is in receipt of retirement benefits, and

**WHEREAS**, the Board acknowledges that collective bargaining agreements may take retroactive effect and that a member and/or a retired member is entitled to receive those benefits contained within the applicable collective bargaining agreement as of its effective date, and

**WHEREAS**, the Board recognizes that a member may be awarded retroactive Compensation payable in a lump sum as a result of a grievance resolution or arbitration award, and

**WHEREAS**, the Board also recognizes that a member may be awarded a retroactive lump sum payment as a result of an arbitration award appealing the disciplinary suspension or termination of a member by the City, and

**WHEREAS**, the Board has determined that it is in the best interest of the Retirement System to establish a policy to provide clarification to all affected parties and to ensure that benefits are calculated in accordance with pertinent collective bargaining agreements and arbitration awards, therefore be it

**RESOLVED**, that the following guidelines shall apply to the calculation of retirement benefits:

1. Members are entitled to those retirement benefits in effect at the time of retirement.
2. In the event a collective bargaining agreement has expired, a member's benefit shall be based upon the terms and conditions of the expired agreement until such time as a final agreement has been ratified.
3. The Human Resources Department shall forward a copy of all final collective bargaining agreements to the Board.

4. The specific language of a grievance resolution, arbitration award or collective bargaining agreement shall be controlling with respect to the applicability of benefits and/or retroactive benefits to employees and retirees, however, when an agreement is silent as to the specific application of benefits or compensation provisions, the effective term of the agreement shall be indicative of the benefits to be paid to all employees who have retired, or do retire, during the corresponding period.

5. Upon receipt of a final collective bargaining agreement, the Board, acting through its Executive Director, shall determine what amendments, if any, were made which affect the calculation of retirement benefits, and shall review its records to determine if any individual, who previously retired, would be entitled to benefits under the revised agreement.

6. The Finance Department shall provide to the Board revised compensation amounts for those individuals who retired and subsequently received retroactive compensation as a result of subsequent contract ratification.

7. Upon receipt of revised compensation amounts, retirement benefits shall be recalculated to be consistent with the terms and conditions of the revised collective bargaining agreement, Retirement System provisions and this resolution.

8. The calculation of any retroactive retirement benefit payments shall be made without interest and such benefit payments shall be made in one lump-sum.

9. Any retroactive Compensation paid to an active member that is the result of a newly ratified collective bargaining agreement, shall be included for purposes of calculating Final Average Compensation in the period in which it is received, and not in the period in which it was earned.

10. In the event a member receives a monetary payment as a result of a grievance resolution or arbitration award based upon the member's appeal of a disciplinary suspension or termination by the City, the monetary payment shall be applied by the Retirement Board as set forth in the arbitration or grievance award, resolution, or settlement documentation. In the event the documentation provides for the member to (a) "suffer no loss in pay or benefits," (b) "be reimbursed for all loss wages and benefits", (c) "be reinstated with payment for all wages and benefits," or (d) other similar language, the portion representing loss wages shall be included for purposes of calculating Final Average Compensation over the period in which it would otherwise have been earned, and not in the period in which it was received. Any award where earned income from other employment or from unemployment compensation is deducted from the monetary payment to the grievant will not be deducted for FAC purposes. Appropriate contributions will be assessed on the Final Average Compensation used in the benefit calculation.

11. Except as provided above, in the event a member receives a lump sum payment as a result of a grievance resolution or arbitration award, the lump sum payment shall be included for purposes of calculating Final Average Compensation in the period in which it is received, and not in the period in which it was earned, provided however, that such lump sum payment must qualify as "Compensation" under the Retirement System provisions.

12. In the event a retiree receives a retroactive retirement benefit payment, such amounts will be reported in the year in which it is received, and not in the year in which it was earned.

13. Required employee contributions shall be made on any amounts which are included as Compensation in the calculation or revised calculation of Final Average Compensation and the appropriate adjustments shall be made under the applicable basis recovery rules.

14. The recalculation of benefits shall have no effect on the retiree's previous election of options or designation of beneficiaries, unless specifically authorized by the applicable collective bargaining agreement, grievance resolution or arbitration award.

**RESOLVED**, that a copy of this resolution shall be forwarded to all appropriate parties.



**Nancy R. Walker, Executive Director**  
**City of Ann Arbor Employees' Retirement System**

11-19-2015

**Date**